



**MINUTES FROM THE MEETING OF
THE ABLE TASK FORCE
AUGUST 1, 2016**

The First meeting of the ABLE Task Force was held on August 1, 2016 at 1:00 PM
In the Conference Room of the Office of the State Treasurer
Located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904

All Task Force Members Represented or in Attendance:

The Honorable Ken Simpler, State Treasurer
The Honorable Trey Paradee, State Representative
Ms. Valerie Watson, (on behalf of Secretary Thomas J. Cook, Department of Finance)
Mr. Ralph Cetrulo, Member, PMB
Mr. Don Shandler, Member, PMB
Ms. Diann Jones, Public Member
Mr. Rick Kosmalski, Public Member

Task Force Members Not in Attendance:

Angie Ehst, Public Member

Others in Attendance:

Mr. John Meyer, Office of the State Treasurer
Mr. Omar Masood, Office of the State Treasurer
Ms. Martha Sturtevant, Office of the State Treasurer

CALLED TO ORDER

Mr. Simpler called the meeting to order at 1:04 PM. Introductions were made around the table. Mr. Simpler distributed a reference binder for the Task Force.

Mr. Simpler announced that the Office of the State Treasurer would receive \$75,000 this year for startup and/or promotion of the ABLE Program. He stated that if there were to be a continuation of the funding, the request would need to be included in OST's upcoming budget request to the Office of Management and Budget in November.

ABLE TASK FORCE PRESENTATION

Mr. Masood presented an overview of the ABLE Legislation, and the implementation opportunities. He reviewed the goal and mission of the Task Force. Mr. Masood reviewed the anticipated calendar of the Task Force. Mr. Simpler added that the schedule can be extended if the Task Force needs more time to reach a consensus.

Mr. Masood reviewed the makeup of the Task Force. Each member provided a deeper introduction of themselves and their backgrounds.

Mr. Masood provided an overview of ABLE activity and implementation pathways in progress across the country. He reviewed the states that have implemented their own programs, the states that have joined a consortium, and the states that remain undecided or have chosen not to implement a program or have not yet passed ABLE legislation. Mr. Masood stated that some states will offer ABLE only to their own residents, while other programs will be open to eligible participants nationwide.

Mr. Masood announced that the consortium is currently going through an RFP process and was expected to launch in the beginning of 2017. He cited the lack of funding and scale as being the greatest challenges for the states who have chosen not to implement their own program and/or have chosen to join the consortium.

The Task Force discussed the option of recommending the best open plan available to Delaware residents and the challenges of selecting one program over another.

Mr. Masood provided an update regarding federal regulations. He stated that final regulations have not been released and that it remains unclear if final regulations will ever be released. He added that final regulations have never been provided for 529 plans.

Mr. Masood reviewed the security concerns noted in the Social Security Administration (“SSA”) monthly reporting guidelines. He stated that the SSA currently prohibits the receipt of data directly from vendors. Instead the SSA requires vendors to send data to the states, and for the states to then send it to the SSA. States have concerns over the associated administrative burden and the lack of security with respect to personal information of plan participants. Mr. Masood said the SSA is confident its transmission line is secure, but that states believe the transmission from vendors to states would be vulnerable to theft. He added that the College Savings Plan Network, an affiliate of the National Association of State Treasurers, is crafting an effort to lobby the SSA to relax its stance and to allow for SSA receipt of data directly from vendors.

Mr. Masood reviewed new Congressional activity on “ABLE 2.0,” including proposed bills intended to increase assets. Mr. Simpler queried how many more participants would be eligible if the minimum age was raised from 26 to 46 and suggested it might be material. Mr. Masood added that, given that ABLE applies only to severe disabilities and has an age of onset requirement, determining how many people are or would become eligible is difficult and states have struggled to come up with eligibility estimates as a result.

Mr. Kosmalski led the Task Force in a discussion regarding the one ABLE account per person regulation, comparing it to the 529 College Investment Plan. He noted that the 529 Plan allows for each donor to contribute a maximum contribution annually to a 529 Plan, therefore allowing multiple accounts per eligible student. The Task Force compared aloud the ABLE plan, which allows for only one account per eligible participant. There was a conversation regarding the possibility of an amendment to bring ABLE in line with the 529 Plan and the impact such amendment would have on assets.

Mr. Masood reviewed five proposed paths available to Delaware, including how each option differs by responsibility, control, cost, and time required for implementation. Mr. Simpler added that the options are not necessarily exclusive of each other.

The Task Force discussed the possibility of building into the upcoming 529 Plan RFP a requirement to make ABLE part of the mandate. Mr. Simpler said OST is open to consideration and the opportunity to take advantage of any potential synergies.

Mr. Paradee requested to see the fees and investment choices added to the options included in the NDSS table and to see how it compares to the 529 Plan.

Mr. Kosmalski indicated that the members of Delaware's disabled committee will be looking to the early adopters for direction in selecting options. Mr. Simpler acknowledged there could be a first-movers advantage for the early plans.

Ms. Jones indicated that her clients are fee conscious. She then queried from a fiduciary standpoint, how investment risks could be clearly communicated to adults with disabilities. Mr. Paradee suggested that providers would need to resolve.

Mr. Masood presented the obstacles to Delaware having its own program. He noted a small participant pool, limited asset base, lack of staffing and absence of funding as being constraints of plan ownership. Mr. Simpler stated that the 529 Plan administration has been moved to OST, but added that no additional staffing or funding was included.

Mr. Simpler reviewed the fundamental distinctions and similarities. The Task Force discussed their initial leanings of the five possible implementation options. Mr. Shandler suggested narrowing the choice to three. Mr. Cetrulo added that he was in favor of eliminating the option to start up a Delaware plan. Ms. Watson acknowledged that resources were too limited to successfully implement and administrate a viable Delaware plan. Mr. Paradee stated that he was leaning toward a consortium, but added that he would like to consider some added Delaware branding.

Mr. Meyer stated for comparison, that approximately 60 State 529 plan accounts were opened in July, and of that he believed ABLE participation might be 10% of that. Mr. Kosmalski suggested that participation, as a percentage of the disability community, might be higher as the ABLE Plan allows for more ways to utilize the funds than the 529 Plan.

There was a discussion regarding the savings model, versus the checking account model of the ABLE Plan across several states. Ms. Jones expressed that the ABLE Plan was a complement to the Special Needs trust. She asked if there were minimum withdrawal amounts or contribution requirements in the 529 Plan. Mr. Masood stated that minimal contributions ranged from \$1-\$25, but he was unsure if there was a minimum withdrawal requirement. He noted that there may not be in cases where a state offers a debit card, like Ohio does.

Mr. Simpler asked the Task Force members to consider what they would like OST to research and bring back to the next Task Force Meeting. Mr. Cetrulo and Mr. Paradee stated that they would like to compare other ABLE plans and define what the Delaware ABLE Plan would look like. Mr. Cetrulo added that the Task Force should consider the best way to utilize the appropriated funding in the way that makes the most impact to the disability community and then focus on the best way to communicate to the disability community.

Mr. Paradee asked about the details of the consortium. Mr. Simpler added that the details of the consortium's plan would not become available until the fourth quarter of 2016. Mr. Masood stated that the RFP was incomplete and responses have not been returned. Mr. Simpler stated that OST could provide the Task Force with the Scope of Services from the consortium's RFP.

Mr. Watson had concerns regarding the cost to benefit analysis without having determined eligibility requirements and therefore not having an accurate estimate of eligible participants. Ms. Jones suggested that the Mental Health Association, the Brain Injury Association of Delaware, or the Division of Developmental Disabilities Services as resources for collecting eligibility information, but acknowledged that not all who are eligible are served by the Division of Health and Social Services.

Mr. Meyer asked Mr. Kosmalski if he thought having national association endorsements would drive out of state participants to Delaware's Plan. Mr. Kosmalski did not think that was likely and stated he thought advertising would be more helpful.

Mr. Meyer discussed a potential ABLE Plan business model that would incorporate a flexible spending account vendor with an investment firm. Mr. Simpler added that without the Home State Rule, he was cautious to build a model without a guaranteed number of participants.

Ms. Jones stated that she would circulate information on the governor's financial literacy program.

Mr. Simpler stated that OST would circulate suggested research deliverables and meeting minutes to the members within five days of the next Task Force meeting.

PUBLIC COMMENTS

No members of the public present for comment.

ADJOURNMENT

A MOTION was made by Ms. Watson and seconded by Mr. Simpler to adjourn the meeting of the ABLE Task Force at 3:10 PM.

MOTION WERE ADOPTED UNANIMOUSLY

Respectfully submitted,

Jose Echeverri
Chair, Plans Management Board